

# Prime Rate Euro Liquidity Fund

30 September 2009

## Fund Objective

The investment objective of the fund is to maximise the current income consistent with the preservation of principal and liquidity by investing in a diversified portfolio of high quality Euro denominated short term debt and debt related instruments. The primary objective is to maintain the net asset value either constant at par (net of earnings) or at the value of the investors' initial capital plus earnings.

## Investment Manager's Report

The 6 months since March 2009 have proved much calmer than the preceding twelve months. The overwhelming theme has been very low cash rates which have focused investors minds on their cash balances.

The fund has continued to operate within very conservative limits. These include; no holdings in asset backed securities, and a maximum maturity limit of three months for issuers rated A-1+ (plus some strong A-1) and 1 month for issuers rated A-1. The fund continued to focus on liquidity and security, investing in top quality names for up to 3 months. At the end of September the fund's weighted average

maturity was 23.21 days, with just over 50% of the fund maturing within 8 days.

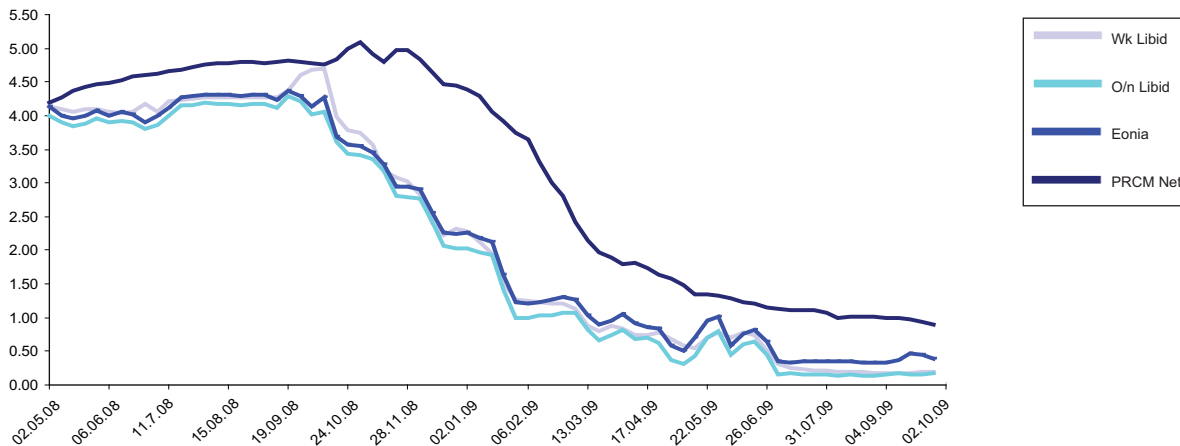
The ECB benchmark fell to 1% and then remained at 1% throughout the period. LIBOR rates and day to day cash rates continued to fall throughout the period. Overnight LIBID fell from around 1% to 16 basis points with one week LIBID falling from 1.12% to 20 basis points. Term rates also fell and at the end of the period there still seemed to be little appetite to push up period interbank rates as banks use the refinancing provided by the central bank to obviate the need to bid up for funds in the marketplace. There still remains uncertainty

around the future of the financial institutions in this changed environment.

At the end of September 2009 the fund had assets of €116m with nine investors, the largest of which was the Isle of Man feeder fund. The Isle of Man fund itself had 11 investors.

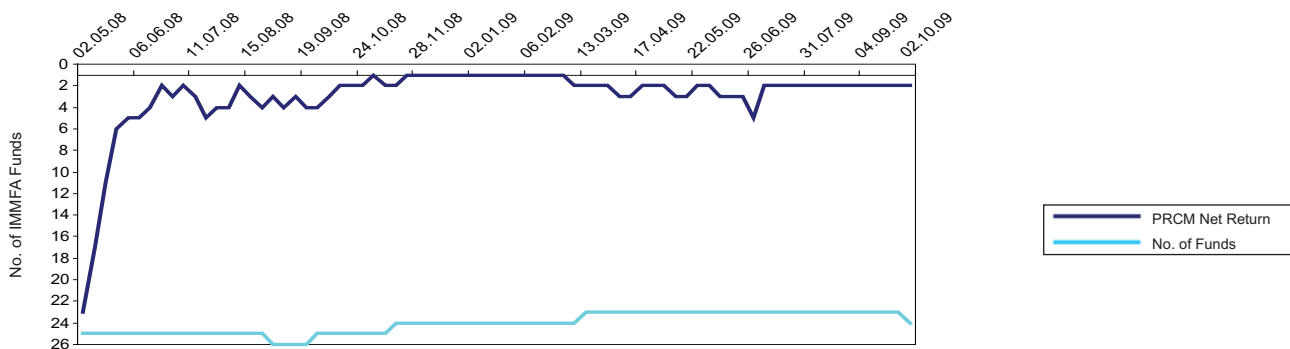
Despite the fund's conservative investment criteria it maintained its strong performance with consistent top quartile performance against its peers. Performance is shown below both against money market rates and against the IMMFA fund universe.

## Money Market and MMF Net Returns EUR



Sources: Prime Rate Capital Management LLP, Bloomberg Net returns are for Share Class 3

## PRCM Ranking within IMMFA



Sources: Prime Rate Capital Management LLP, iMoneyNet

## Fund Details

<b>Domicile</b>	UK
<b>Structure</b>	OEIC UCITS III
<b>Dealing Cut Off</b>	1.00pm London time
<b>Liquidity</b>	Same day
<b>Currency</b>	EUR
<b>CIO</b>	Dennis Gepp
<b>Portfolio Mgr</b>	Gary Skedge
<b>Benchmark</b>	7 day € LIBID



**Dennis Gepp  
(Chief Investment Officer)** is a founding partner of PRCM. He was responsible for the management of treasury departments of UK

and international banks from 1973 until he joined Prime Rate in 2007.



**Gary Skedge  
(Portfolio Manager)** joined PRCM in September 2007. He co-managed HSBC's AAA rated liquidity and enhanced cash

funds from 2006 to 2007.

### Prime Rate Capital Management LLP

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The Prime Rate Euro Liquidity Fund is a sub fund of the umbrella fund, Prime Rate Cash Management Funds which is an OEIC governed by UK law and authorised by the FSA. Any investment in the funds is made subject to the terms of the Funds' Prospectus and relevant Simplified Prospectus, which are available from the Investment Manager, Prime Rate Capital Management LLP, One Vine Street, London W1J 0AH.

## Portfolio Top 10 Holdings as at 30 September 2009 % of Fund

Bank of Ireland Call Account	9.53%
Clydesdale Bank Call Account	9.52%
Alliance & Leicester Call Account	9.37%
Ulster Bank Call Account	9.20%
AIB Call Account	8.76%
JP Morgan Chase European Medium Term Floating Rate Note 20/10/2009	3.79%
Intesa SanPaolo Bank Ireland European Medium Floating Rate Note 9/11/2009	3.52%
Banesto Financial Medium Term Floating Rate Note 27/11/2009	3.52%
Lloyds TSB Bank 0.77Y Commercial Paper 27/11/2009	3.43%
Nationwide Building Society Commercial Paper 14/12/2009	3.43%

## Fund Performance

Calendar year	Share class	Highest share price €	Lowest share price €	Net revenue per share €
2008	Share class 2 - income*	1.0000	1.0000	0.0319
2009	Share class 2 - income+	1.0000	1.0000	0.0140
2008	Share class 3 - income**	1.0000	1.0000	0.0089
2009	Share class 3 - income+	1.0000	1.0000	0.0094
2009	Share class 8 - accumulation***	1.0070	1.0000	0.0010
2009	Share class 9 - accumulation****	1.0066	1.0000	0.0065

\* from 29 March 2008

\*\* from 14 October 2008

\*\*\* from 17 February 2009 to 30 September 2009

\*\*\*\* from 3 March 2009 to 30 September 2009

+ to 30 September 2009

The sub fund accrues distributions on a daily basis and funds are paid out on a monthly basis on or about the first working day of the following month.

## Total Expense Ratio

As at	Share class 2 - income*	Share class 3 - income	Share class 8 - accumulation	Share class 9 - accumulation
31.03.2009	0.09%	0.14%	0.14%	0.34%
30.09.2009	0.06%	0.11%	-	0.31%

\* Investment may only be made into Share class 2 - income when specifically offered by Prime Rate Capital Management LLP.

## Portfolio Turnover

	Six Months to 30.09.2009	Year to 31.03.2009
Total purchases for the period	€360,791,128	€1,225,997,608
Total maturities and sales for the period	€325,144,587	€344,755,417
Portfolio Turnover Rate	518%	1,264%

The Portfolio Turnover Rate (PTR) gives an indication of how much the Fund's investments have changed during the relevant period.

## Contact Details

For a copy of the Prospectus, Simplified Prospectus, information on portfolio holdings, copies of the long form reports or other matters, please contact us on:

(0)20 3206 7262, or e mail us on [contact@prime-rate.co.uk](mailto:contact@prime-rate.co.uk).

Alternatively please see the information on our web site at [www.prime-rate.co.uk](http://www.prime-rate.co.uk)

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